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PACTOLA RESERVOIR REALLOCATION AUTHORIZATION ACT OF 2005

OCTOBER 27, 2005.—Ordered to be printed

Mr. DOMENICI, from the Committee on Energy and Natural
Resources, submitted the following

R E P O R T

[To accompany S. 819]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 819) to authorize the Secretary of the Interior to reallocate costs of the Pactola Dam and Reservoir, South Dakota, to reflect increased demands for municipal, industrial, and fish and wildlife purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE MEASURE

The purpose of S. 819 is to authorize the Secretary of the Interior to reallocate costs of the Pactola Dam and Reservoir, South Dakota, to reflect increased demands for municipal, industrial, and fish and wildlife purposes.

BACKGROUND AND NEED

The Pactola Dam and Reservoir is part of the Rapid Valley Unit under the Pick-Sloan Missouri Basin Program. It was authorized by the Flood Control Act of 1944 (P.L. 78-534) to provide supplemental municipal water for Rapid City, South Dakota and supplemental irrigation water for the Rapid Valley Conservancy District (District). Other authorized purposes include fish and wildlife management and flood control. The Department of the Interior's Bureau of Reclamation (Bureau or Reclamation) is responsible for the operation and maintenance of the Pactola Dam and Reservoir.

The 40-year term Pactola Reservoir water purchase contract between the United States and Rapid City for municipal and industrial water supply expired in October 1992. A second long-term

Pactola Reservoir water purchase contract between the United States and the District for irrigation water supply expired in January 2001.

In 1992, the Bureau began discussions with Rapid City and the District to renegotiate the water supply contracts in order to meet municipal, industrial, irrigation, recreation, wildlife, fisheries, and instream flow needs. Instead of contracting with the Federal Government for water from Pactola Reservoir, the District opted to execute a separate subcontract with Rapid City to provide a supplemental water supply when needed. Reclamation has negotiated a new long-term contract with Rapid City. The new contract provides the city with a 49,000 acre-feet water storage right in Pactola Reservoir. Under the contract, the Bureau retains 6,000 acre-feet of storage to be used for other authorized uses such as fish and wildlife purposes.

An Environmental Assessment for the Pactola Reservoir Water Service Contract Renewal has been completed and a Finding of No Significant Impact was signed on October 20, 2000. Congressional authority is needed to reallocate these contracts costs from irrigation purposes to municipal, industrial, and fish and wildlife purposes. Once Congress grants authority to reallocate these costs, the Bureau can execute the negotiated contract with Rapid City.

LEGISLATIVE HISTORY

S. 819 was introduced by Senator Johnson on April 15, 2005, and referred to the Committee on Energy and Natural Resources. The Water and Power Subcommittee held a hearing on S. 819 on July 12, 2005. At the business meeting on September 28, 2005, the Committee on Energy and Natural Resources ordered S. 819 favorably reported without amendment.

COMMITTEE RECOMMENDATION

The Committee on Energy and Natural Resources, in open business session on September 28, 2005, by unanimous vote of a quorum present, recommends that the Senate pass S. 819.

SECTION-BY-SECTION ANALYSIS

Section 1 sets forth the short title.

Section 2 sets forth congressional findings that it is appropriate to reallocate costs of the Pactola Dam and Reservoir to reflect increased demands for municipal, industrial, and fish and wildlife purposes and that such a cost reallocation needs Congressional approval.

Section 3 authorizes the Secretary of the Interior to reallocate the construction costs of Pactola Dam and Reservoir, Rapid Valley Unit, Pick-Sloan Missouri Basin Program, South Dakota, from irrigation purposes to municipal, industrial, and fish and wildlife purposes.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 819—Pactola Reservoir Reallocation Authorization Act of 2005

S. 819 would authorize the Bureau of Reclamation to reallocate the construction costs of Pactola Dam and Reservoir from irrigation purposes to municipal and industrial and fish and wildlife purposes. This would allow the bureau to provide water to Rapid City, South Dakota, under a new contract that would replace expired contracts for supplemental irrigation and municipal and industrial water. CBO estimates that enacting S. 819 would not have a significant effect on the federal budget.

Enacting this legislation would allow the bureau to enter into a new water service contract that would generate a small increase in receipts over existing interim contracts. Based on information from the bureau, CBO estimates that increase in contract payments would be about \$100,000 annually. Such payments are recorded in the budget as offsetting receipts (a credit against direct spending).

S. 819 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no cost on state, local, or tribal governments. Enacting this bill would benefit the Rapid Valley Irrigation District by reallocating the construction costs of Pactola Dam and Reservoir from irrigation purposes to municipal, industrial, and fish and wildlife purposes.

The CBO staff contact for this estimate is Mike Waters. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 819.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 819, as ordered reported.

EXECUTIVE COMMUNICATIONS

The testimony provided by the Department of the Interior at the Subcommittee hearing on S. 819 follows:

STATEMENT OF JOHN W. KEYS, III, COMMISSIONER, U.S.
BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

My name is John Keys. As Commissioner of the Bureau of Reclamation, I am pleased to appear today in support of S. 819, the Pactola Reservoir Reallocation Authorization Act of 2005.

Mr. Chairman, S. 819 would authorize the Secretary of the Interior to reallocate construction costs of Pactola Dam and Reservoir, Rapid Valley Unit, and the Pick-Sloan Mis-

souri Basin Program, South Dakota, to municipal, industrial, and fish and wildlife purposes. This reallocation reflects the increasing water demands from Pactola Reservoir for municipal and industrial purposes, specifically within Rapid City and throughout the surrounding areas, and for fish and wildlife purposes in and along Rapid Creek.

BACKGROUND

Rapid Valley Unit is served, in part, by the Pactola Reservoir. Located on Rapid Creek in the Black Hills of South Dakota approximately 15 miles west of Rapid City, Pactola was constructed between 1952 and 1956. The Rapid Valley Irrigation District (District) consists of 8,900 acres of privately developed land and associated irrigation diversion and supply works. The irrigable land is situated along Rapid Creek immediately downstream of the City. Pactola Reservoir supplemented the District's 8,000 acre-foot water supply from Deerfield Dam. The Rapid Valley Unit provides a full water supply for Rapid City (including Ellsworth Air Force Base), flood protection, recreation, and fish and wildlife.

On October 20, 1952, the City entered into a 40-year water service contract for municipal and industrial water supply from Pactola Reservoir. Since the contract's expiration in 1992, annual water service contracts have been issued to provide water to the City until a replacement contract can be executed. The District also executed a 40-year water service contract with the U.S. on January 6, 1961, for a supplemental irrigation water supply from Pactola Reservoir. This contract expired in 2001 and the District decided to not renew it. The District will rely on its natural flow rights, return flows from the City's water treatment plant, water purchased from the City, and water from the Deerfield Dam and Reservoir.

Reclamation has negotiated a new repayment contract with Rapid City. However, the McGovern Amendment to the Department of Energy Organization Act prohibits Reclamation from reallocating multipurpose construction costs without specific Congressional approval. Therefore, execution of the negotiated contract is contingent on authority from Congress to reallocate the construction costs of Pactola Dam and Reservoir currently allocated to irrigation purposes to municipal, industrial, and fish and wildlife purposes.

CONCLUSION

Passage of this Act will provide Reclamation with authority to enter into a new long-term contract with Rapid City to provide a water storage right of 49,000 acre-feet in Pactola Reservoir. This contract will secure a reliable water supply for the city and the surrounding area to support expected growth well into the future. Reclamation will retain 6,000 acre feet of storage in the reservoir to be used

for fish and wildlife, and other authorized beneficial purposes.

I am pleased to answer any questions.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 819, as ordered reported.

